



Irish Life Weekly Investment Bulletin

The week that was – WEEK 52 (ending 31/12/2017)

“A new heart for a New Year, always!” - Charles Dickens

Irish net mortgage lending increases for first time since 2010 – According to the latest figures released by the Central Bank, the net level of mortgage lending has increased for the first time in seven years as the level of new mortgage lending outstripped repayments on existing loans by 0.2% year-on-year in November.

Euro climbs to three-month high – The euro climbed to \$1.20, its highest level since September and finished 2017 with its best year against the dollar since 2003 as the strengthening economy and expectations the European Central Bank will wind down its monetary stimulus boosts demand for the single currency.

Global stock market up 20.4% in 2017 – The MSCI AC World TR Index showed a 20.4% rise during 2017 in local currency terms but that reduced by over half - to 9.5% - in euro terms for Irish investors who had no currency protection in place. Eurozone 1–5 yr Government Bonds finished the year down by -0.2%.

Oil hits highest level since May 2015 – The price of oil, as reflected by Brent crude futures, reached a new high of about \$67 per barrel for the year, the highest since May 2015. The Brent index finished the year with a 17% rise for 2017, supported by ongoing supply cuts by OPEC and Russia as well as strong China demand.

Japan's unemployment rate hits a 24-year low of 2.7% – The Ministry of Internal Affairs and Communications reported that the unemployment rate dropped by 0.1% in November to 2.7%, a level not seen since late 1993 with strong economic growth and an ageing population leading to a labour shortage.

U.S. consumer confidence in December drops from 17-year high – The Conference Board's Consumer Confidence Index fell to 122.1 in December from 128.6 in November, which was a 17-year high. Economists surveyed by The Wall Street Journal had expected a December reading of 128.2 so the figure was a surprise.

The Story of the week: The global airline industry achieved a previously unimaginable safety milestone in 2017. It was the safest year in commercial aviation history, with not a single person dying in commercial passenger jet accidents. No jets crashed in passenger service anywhere in the world. The two crashes which occurred on New Year's Eve – a seaplane in Sydney which killed six, and a Cessna Caravan which crashed in Costa Rica, killing all 12 on board – are not included in the tally, since both aircraft weighed under 5,700kg - the threshold for the report.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 31/12)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	20.4
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	9.7
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	11.8
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	9.2
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	21.8
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	28.2
Nikkei 225	22.9	56.7	7.1	9.1	0.4	19.1
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	27.8
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	-0.2
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.4
German	1.4	1.9	0.5	0.6	0.2	0.4
UK	1.9	3.0	1.9	1.9	1.2	1.2
Japan	0.7	0.7	0.3	0.2	0.0	0.0
Ireland	4.5	3.4	1.3	1.1	0.7	0.7
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	4.1
Portugal	6.9	6.1	2.7	2.5	3.8	1.9
Spain	5.4	4.1	1.6	1.7	1.4	1.6
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.50
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.20
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.89
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.36
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	6.9% (to end of Q3)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	3.3% (to end of Q2)

*Past performance is not a reliable guide to future performance